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FOREIGN POLICY BULLETIN

An analysis of current international events

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Expediency Seen as Grave Weakness in U. S. Policy

Clearly, something is radically wrong with our foreign policy — something which must be understood and corrected before it is too late.

This is not a question of mistakes made, say, in China or in Germany. We have made such mistakes, but they are symptoms rather than causes of our trouble.

We, who once clenched our fists in helpless rage at the Nazi bombing of Warsaw, Rotterdam and London, have now become the leading exponents of "strategic bombing"—that carefully impersonal term for the mass murder of helpless civilians. We, who first conceived the idea of a covenant to abolish war, have now placed our hope for peace in the hands of scientists, instructed at all costs to keep us "ahead" of all other nations in devising ever more horrible weapons of mass destruction.

"After all," we tell each other, "we are fighting the anti-Christ. . . . If we don't make the H-bomb, the Russians will. . . ."

Ends and Means

We have accepted a devil-theory of the world crisis and adopted the devil's doctrine that the end justifies the means. . . . Does it? Will the end remain unaffected by the means we choose to attain it?

We pride ourselves on living in the "Age of Science and Technology." We forget that science and technology are neutral in the age-old struggle of good against evil—that they will, with even-handed impartiality, supply the tools of human progress or the weapons of man's destruction.

We have forgotten the moral foundations of our cause and of our strength. We are impelled not by purpose but by fear.

We entered the war in a just cause, having laid—in the Atlantic Charter—the foundations for a just peace. But Hitler, and our own policy of expediency, were permitted to choose our allies. Military expediency, in a war fought without political purpose, obscured the moral issues and stultified the cause of human freedom by coopting into association with it notorious enemies of freedom.

And then, with the end in sight, we threw overboard the just peace, pledged in the Atlantic Charter, and adopted—for expediency—the pattern of an old-fashioned victor's peace, with its traditional annexations of territory, spheres of influence and expulsion of populations. Thus we achieved victory—but not peace. Thus we laid the foundations for the traditional dissension between victorious allies.

Having pursued this policy of expediency, and become its prisoners, we erected the United Nations upon the assumption that a victor's peace could be preserved by continued unanimous cooperation of the victorious coalition. We failed utterly to understand and remedy the basic error in the old League structure; we repeated the mistake of assuming that war could be outlawed without law and that international anarchy could be ended without government.

These basic errors would have sufficed to make the peace merely an uneasy armistice. In addition, however, the post-war world was a world in revolution and, for the most part, in dire want. Old structures had crumbled. The center of power in the Western world had shifted from Western Europe to the United States. The decline of Western Europe's influence and the defeat of Japan had created power vacuums in various parts of the world. The war had brought to a boil the political and economic problems of a century.

Panic Policy

This picture was baffling enough; but even that was not all. Russia emerged as a ruthless, expansive power, seeking to push into the newly-created vacuums. This threw us into a panic. Having had no purpose in the war beyond victory—having based our hopes of peace upon assumed continuing Russian cooperation—the sudden emergence of a new "enemy" threw us back into our wartime pattern of seeking only to stop the enemy and of letting expediency toward that end determine our allies.

U.S. Policy Under Review

Current public discussion of American foreign policy has revealed great differences of opinion as to whether the United States committed errors in the past, and as to the course it should pursue in the future. The Foreign Policy Association has invited experts of differing points of view to present their conclusions on some of the major issues under discussion. The first of these articles appears in the adjoining columns.

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Faced by an aggressive, materialistic tyranny operating on the assumption that might makes right, we have allowed this tyranny to choose the theater and the weapons of combat. We have rushed from Europe to Asia and back again, wherever Russia has pushed out from its vast periphery. We have met brute force with the threat of greater force, dogma with dogma and accusation with counteraccusation. We have gained strange bedfellows and have let ourselves be drawn into the vicious circle of an arms race which—whether or not it leads to war—is already making us more and more like the evil we are fighting. We have begun to equate dissent from our own official party-line with disloyalty, to confuse secrecy with security, to seek scapegoats and spies as the causes of a failure we do not understand. Nothing could suit the Kremlin better.

The Alternative

The alternative to this Moscow-made policy of forgotten faith and forgotten principle is neither "appeasement" nor "talking to the Russians," but affirmative leadership toward curing the world's basic political and economic ills. The alternative to fear is hope—hope expressed in determination to find the common pattern in which a diverse world society may live in peace under law—hope expressed in the determined leadership of a common crusade against those social and economic evils which move men to a sense of injustice and arouse them to violence.

Secretary Acheson rightly said that one can talk to the Kremlin only upon the basis of existing facts. The trouble is that we have been letting the Kremlin create the existing facts. The way to stop Russia is to achieve this negative purpose as the by-product of an affirmative American policy toward peace. JAMES P. WARBURG

(James P. Warburg, who served during the war as Deputy Director, Overseas Branch, Office of War Information, is the author of many books, pamphlets and articles on problems of American foreign policy, including "Germany: Nation or No-Man's-Land" published in the *Headline Series*. Among his most recent books are *Put Yourself in Marshall's Place* (1948) and *Last Call for Common Sense* (1949). In a new book to be published shortly, *Program for Peace*, Mr. Warburg discusses the alternative policy suggested in this article.)

U.S. Farm Problem Raises Baffling Trade Issues

The unsuccessful attempt in Congress to force the Marshall Plan nations to purchase $1 billion worth of surplus American foodstuffs serves to emphasize the acute nature of our farm problem and its close relationship to United States foreign policy. The situation is made doubly complex when huge American surpluses are compared with the generally inadequate world nutritional standards.

Department of Agriculture officials predict that by the end of the year the Commodity Credit Corporation will have more than $6 billion tied up in the purchase of surplus farm products. Perhaps even more important, they admit that they do not know how to dispose of this surplus. Grain elevators, warehouses and even idle ships are used to store these vast holdings. Nearly $1 billion worth of wheat, representing 40 per cent of the 1949 crop, an amount in excess of the normal yearly consumption habits of the entire nation, is held by the CCC. Cotton holdings are valued at $713 million, and in a cave in Kansas there are enough powdered eggs to satisfy domestic requirements for the next nine years. The public may reasonably wonder why these and other foods are not sold at a nominal price—or even given away—to hungry people. This question can be answered only after a review of government policy in support of agriculture.

Promotion of Agriculture

Prior to the first world war government aid to agriculture consisted chiefly of protective tariffs and the dissemination of information on scientific agriculture. With World War I came a real agricultural boom. The American farmer supplied nearly the entire Western world, and he incurred heavy debts, during an inflationary period, in order to continue expanding his output. In October 1920 the bottom dropped out of his market as European agriculture revived and the high wartime levels of income and employment started to recede at home. Farm income fell precipitously, and the farmer never forgot that the greatest depression in history overtook him nine years before it struck the other sectors of the population.

The old policy of trying to help the farmer by raising tariffs was practically worthless, since he was capable of supplying far more than domestic requirements. During the twenties, despite the many farm-aid plans suggested and tried, the farmer's share of national income fell from 16.6 per cent in 1919 to 5.2 per cent in 1932 as farm prices dropped to new lows. So abrupt was the price decline that Iowa State University published a booklet called *Comparative Values of Corn and Coal as Fuel for House Heating*.

By 1929 the idea of price support had become popular. Accordingly, a Federal Farm Board with a fund of $500 million was set up to advance money to farmers so that they could afford to withold price-depressing surpluses from the market. Unfavorable economic conditions, huge surpluses and a limited supply of funds proved too much for the board. It tried to peg the price of cotton at 16¢ a pound, but cotton fell to less than 7¢ a pound after the board's lending powers were exhausted. Experiments with wheat were equally disastrous. It soon became apparent that in the absence of production controls a price support policy was not adequate to handle the problem of farm surpluses. The government appealed to the farmers to reduce their acreage, but to no avail. This constancy of output is due to the relatively long "period of production" for farm crops, the relative stability or lack of mobility of the farm population, and the fact that each farmer produces such a small part of the total supply that concerted action to adjust supply in response to price variations is unlikely. Industrial output, however, is far more elastic, far more responsive to changes in price. Falling prices bring reduced output, and expansion follows on the heels of price rises. This was the reason why industrial prices, even after the crash of 1929, declined much less sharply than agricultural prices, thus aggravating the farmer's plight.

The Advent of the New Deal

During 1931 and 1932 the agricultural crisis became particularly acute. The farmers were finding it increasingly difficult to pay their debts. The ineffectiveness of farm relief schemes led to many dramatic episodes—farmers' holiday movements, dumping of milk in the streets, the tarring and feathering of lawyers who sought to foreclose mortgages and open defiance of court orders.

It was at this critical moment that the newly-elected Democratic Administration of President Franklin D. Roosevelt passed the Agricultural Adjustment Act of 1933. This legislation embodied, for the first

time, the twin techniques of price support and production control. Its declared goal was to re-establish "prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles farmers buy, equivalent to the purchasing power of agricultural commodities in the base period—August, 1909 —July, 1914." Production control was to be achieved through various devices including contracts for restricted acreage in return for benefit payments, marketing quotas, commodity loans, export subsidies and direct purchase of surpluses. While the regulation of output was placed on a voluntary basis, the schedule of benefit payments was so arranged as to win the farmers' cooperation. In the case of cotton, producers willing to take out of production between 25 to 50 per cent of their acreage were given $6 to $12 per acre, according to the yield on the area withdrawn, plus options to buy government owned cotton at 6¢ a pound; or cash payments of $7 to $20 an acre without options.

The act was invalidated by the Supreme Court on January 6, 1936. The Court objected to the processing tax technique used to finance the benefit payments. No objections were raised against the marketing agreements and surplus removal operations. During the three years of its existence the AAA succeeded in raising farmers' cash income from less than $4.5 billion to $6.9 billion. The New Deal immediately passed additional legislation to aid the farmers. This time the law included a shift in emphasis from acreage control to soil conservation. The Soil Conservation and Domestic Allotment Act of February 1936 provided for production payments to farmers who followed approved conservation practices and abandoned soil-depleting crops, such as wheat, corn, tobacco and cotton, in favor of soil-building crops. The results proved disappointing. The conservation movement attracted some farmer participation, but by 1937 it was clear that it offered no solution to the problem of huge surpluses and declining prices.

In February 1938 the new AAA became law. The act included parity payments, acreage allotments to restrict and stabilize production, loans to enable farmers to withold temporary surpluses and various surplus removal devices. Surplus removal was accomplished by distributing food to the needy through state welfare agencies, Food Stamp Plans, free school lunch programs and export subsidies—the latter confined to wheat and cotton. The decline in farm income which set in after the first AAA had been declared unconstitutional was finally arrested by the AAA of 1938.

HOWARD C. GARY

(The first of two articles on the agricultural surplus and foreign policy.)

Guatemala Highlights Inter-American Complexities

On April 14 the Inter-American system celebrates the sixtieth anniversary of its founding. This anniversary of an association now known as the Organization of American States followed shortly on a sharp exchange of opinions between the governments of Guatemala and the United States regarding the acceptability of the latter's ambassador in Guatemala City. In the same period the Economic and Social Council of the OAS, meeting in Washington, surrendered attempts to patch up the economic agreement which had been literally salvaged from the wreckage of the unfortunate Bogotá conference two years ago.

The Guatemalan incident suggests the basic economic and ideological differences that separate the United States and Latin America, just as the Council's decision acknowledges the difficulty of reconciling them, at least through multilateral discussions and at one session.

What Is the System?

An accurate and narrow definition of the Organization of American States is that it is a regional association, based on law, of the sovereign states of the Western Hemisphere, excluding Canada. This is not, however, its essential meaning either north or south of the Rio Grande. In the United States, where the Monroe Doctrine originated, it is regarded as a defensive alliance erected against any threat of aggression from outside the hemisphere. But to Latin America as a whole it frankly represents security against the overwhelming power of the United States. If this imposing structure of treaties, conferences and commissions has one indispensable function, it is to seek a common denominator for the United States—the great power, the industrial giant in the Americas—and the twenty diverse Latin American countries.

The common denominator is furnished by the principle of the sovereign equality of states. Equality and its corollary, the obligation of nonintervention, together constitute the unique attribute of the inter-American system which differentiates it from the UN and causes Latin Americans to give it their primary allegiance. The remarkable feature of the system has been that almost from the date of its founding in 1890 as the first expression of United States commercial interest in the area, and even during the years of dollar diplomacy, the United States began to accept the limitations on its own power urged by the Latin Americans.

The unequal power relationship within the inter-American system, however, cannot be bridged by words alone. In the small countries of the Caribbean area, which are closely tied to the United States by trade, shipping and investment, colonial attitudes toward the Colossus of the North are particularly marked and have become a factor to conjure with in local politics. In view of the predominant economic influences exercised by great American corporations, it is not surprising that nationalism should often be associated with hostility toward the United States and that it is especially strong among industrial and plantation workers employed by American concerns. The first targets of "reform" governments bidding for the support of the increasingly powerful labor federations, therefore, are the United States enterprises located in their countries, rather than the native landowners or industrialists whose concern for the welfare of their employes, on balance, has lagged behind that of the Americans.

At the same time, the fabulous living standards of the United States, daily presented through advertising, magazines, radio and the movies, are a constant goad to the people of Latin America. They recognize that if they are to achieve even an approximation of the standards by which North Americans live, it will only be with the help of the United States. And Washington has made it unmistakably clear that only private enterprise can practicably furnish help on the large scale required.

Three large American corporations located in Guatemala account for most of the $250-million United States investment in bananas, railways and power, operating

under concessions dating back to the easy old days of low taxes or complete tax exemption. Since the advent of President Juan José Arévalo's reform government in 1945, following the overthrow of the dictatorial Ubico regime, the companies and the government have been embroiled in wage disputes and contract renegotiations, and American oil interests have met difficulties comparable to those in Mexico in attempting to negotiate a concession to exploit the petroleum deposits in the northern part of the country. The American enterprises have had support from the United States Congress and the American press, including a critical series of articles in the New York *Herald Tribune* last February which described the Arévalo regime as pro-Communist.

President Arévalo, on the other hand, has been badgered by the extreme nationalists in the government coalition and by the left-wing Guatemalan Federation of Labor. A moderate, Arévalo reaches the end of his presidential term this year and is not eligible for re-election. His probable successor, Defense Minister Lt. Col. Jacobo Arbenz, who supported Arévalo in the July 1949 revolution, is said to hope to emulate in Central America Perón's example, with labor's backing.

Dispute Over Ambassador

The State Department might have succeeded in acting as the mediator in this situation if Ambassador Richard C. Patterson, Jr., a former business man who has represented the United States in Guatemala City since September 1948, had not contributed to widening the breach between labor, the companies and the Guatemalan government through his embarrassingly enthusiastic support of the American companies' position. On April 6, following the Ambassador's sudden departure for Washington, the State Department revealed that it had "categorically" rejected an informal Guatemalan request for Patterson's recall on charges that he had interfered in the country's internal affairs. Although the Ambassador can return—the Guatemalan government does not take the position that he is *persona non grata*, and the State Department has left the way open for him—his usefulness to the United States appears to be at an end owing to the hostility his activities have aroused among Guatemalans and the dissatisfaction that is reported even among employes of the Embassy and the companies.

The sixty-year-old inter-American system is experienced enough to survive this incident and reach a *modus vivendi* on the treatment of foreign capital which both the United States and Latin America in reality desire. It is clear in retrospect, however, that satisfactory agreement on a problem which is charged with old resentments, fear and envy cannot be reached either through full-dress political conferences nor through excessive pressure brought to bear on individual Latin American capitals. The United States is therefore abandoning the attempt to obtain an omnibus agreement through multilateral channels and is now offering to conclude bilateral arrangements with key Latin American countries, taking into account the peculiar circumstances of the individual situation.

OLIVE HOLMES

Branch and Affiliate Meetings

*ST. LOUIS, April 16, *Austrian Folk Program*

*BETHLEHEM, April 18, *The International Trade Organization,* Clair Wilcox

CLEVELAND, April 18, *Greece: Focus on the Near East,* Dwight Griswold

*NEW YORK, April 19, *Should the U.S. Revise Its Foreign Policy?,* Off-the-Record Discussion

PITTSBURGH, April 19, *U.S. Strategy in the Cold War,* James B. Reston

*PHILADELPHIA, April 20, *The Foreign Trade Gap,* Paul G. Hoffman, Curtis E. Calder, Geoffrey S. Smith

BUFFALO, April 21-22, *Council of Branches and Affiliates Meetings*

*NEW YORK, April 26, *What Should We Do in Asia?,* Off-the-Record Discussion

*ALBANY, April 27, *International Law and Atomic Warfare,* Telford Taylor

SPRINGFIELD, April 27, *What American Foreign Policy Means to You,* Thomas H. D. Mahoney

ST. PAUL, April 28, *Tito and the Cominform,* Joseph Korbel

*Data taken from printed announcement.

News in the Making

IMPORT UNIT FOR U.S.: The Economic Cooperation Administration announced on April 8 the formation of a new division to assist in increasing American imports from the Marshall Plan nations. ECA Administrator Paul G. Hoffman, in a letter to Senator H. Alexander Smith, Republican of New Jersey, stated that the increase in imports sought by his agency would amount to no more than one-third of 1 per cent of our total output.

STERLING RECOVERY: Moderate optimism about Britain's economic position was engendered by Chancellor of the Exchequer Sir Stafford Cripps' announcement on April 4 that the sterling area's dollar gap is being bridged. The Chancellor disclosed that in the first quarter of the year the sterling area had earned a net dollar and gold surplus of $40 million, thus bringing reserves to $1.98 billion, a substantial recovery from the crisis period before devaluation last September.

ROME-BELGRADE FRICTION: The outlook for improvement in strained Italo-Yugoslav relations does not appear to have been brightened by a speech, intended to be conciliatory, of Italian Foreign Minister Count Carlo Sforza on April 8, appealing for settlement of the Trieste question by direct negotiations with Yugoslavia. This speech, in which Count Sforza proposed "substantial acceptance" of the March 20, 1948 three-power declaration favoring return of Trieste to Italy, to be modified by various concessions and frontier adjustments, brought a heated response from the Tito regime, which accused Rome of "blackmail" and "threats."

MIDDLE EAST REFORMS?: While C. L. Sulzberger was reporting to the *New York Times* that the United States must spearhead reforms in the Middle East if the threat of communism is to be effectively met, the Egyptian Ministry of National Economy on April 7 presented an outline plan for land reform which, if fulfilled, would bring about revolutionary changes. The Ministry condemns the present distribution of land in Egypt and accepts the principle that possession of more than fifty acres is "essentially asocial."

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